

New developments in the Medicare+Choice program

ISSUE: The Medicare+Choice program appears to have stabilized somewhat this year, when measured by plan availability and plan participation. In addition, CMS is using its demonstration authority to encourage preferred provider organizations (PPOs), to participate in the Medicare+Choice (M+C) program. However, benefit and premium changes for 2003 have not yet been announced and it is expected that more cost shifting to beneficiaries could occur. Thus, we do not know how those changes, combined with new PPO offerings will affect beneficiary enrollment for 2003.

KEY POINTS:

- CMS announced that four percent of M+C enrollees (about 200,000) will not be able to stay in their current plan. That is the lowest percentage affected since the inception of the program.
- CMS also announced that 33 new PPO plans, in 23 states, have been granted demonstration waivers and can begin to enroll beneficiaries in 2003.
 - The demonstrations are designed to demonstrate whether different payment rates, the relaxation of some M+C rules, and risk-sharing arrangements between the plans and Medicare can entice plans to offer PPO products.
 - The PPOs are generally going into areas that already have M+C plans. While benefit and premium information are not yet available, CMS has stated that the premiums are likely to be higher than M+C premiums and lower than Medigap premiums and the benefit packages will include some coverage for prescription drugs.
- While enrollment has increased in the private fee-for-service plans, the largest plan will withdraw its product from some areas resulting in the loss of the option for about 8 percent of its enrollees.

ACTION: Staff will present data on plan availability for 2003 and describe the PPO demonstration program. Staff will also suggest monitoring the progress of the demonstration plans. Commission may wish to suggest specific aspects of the demonstrations for staff to examine.

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